

131 to swear behind the primary reference, and if found acceptable, it is submitted that the application should be found in form for allowance. However, the Office Action does not find the evidence to be acceptable on one issue: due diligence of the inventors from a time just prior to the effective date of the primary reference until either a constructive or actual reduction to practice of the invention.

It is respectfully submitted that Applicants have shown due diligence.

Reconsideration of this issue is respectfully requested. In addition, Applicants enclose additional evidence with this response to continue their earnest effort to address the Examiner's concerns articulated in the latest Office Action.

It is therefore respectfully requested that these remarks and accompanying evidence be entered, and that the application be reconsidered based on the prior record and this response. It is respectfully submitted that this response advances the prosecution of the application.

B. Additional Evidence of Diligence

Applicant attacks the obviousness rejections, first, on the basis the primary reference, U.S. Patent 5,794,207 ("Walker"), is predated with evidence under 37 CFR 1.131. Applicants also submit that the rejections do not create a *prima facie* case of obviousness. Because a finding that Walker is predated by the invention would be dispositive of the obviousness rejections, Applicant has concentrated on providing comprehensive evidence to show prior conception and diligence. Diligence, understood to be the only remaining issue preventing a finding that Walker is pre-dated, will be further addressed below.

Enclosed with this response is a declaration submitted to corroborate Applicants' prior evidence of diligence. It is respectfully submitted that this evidence, in combination with the evidence previously of record, clearly establish diligence.

Specifically, the enclosed evidence corroborates the following points which, it is respectfully submitted, were made of record by prior evidence:

Why did it take that amount of time to reduce the invention to practice?

1. There were only a few persons with an idea, and no on-going business or infrastructure to build it. (*see* concurrently filed Fifth Supp. Declaration¹, p. 2, ¶ 8-10, 12). They literally had to sacrifice the little time and resources they had (outside of their regular, full time jobs), to work on the invention.² (Fifth Supp. Declaration, p. 3, ¶ 13, 14). They had to work full time to support their families. The invention was not generating revenue to substitute for full time jobs.
2. Despite this, they did make the sacrifices. For a period of time after conception of the invention, they worked nights, weekends, holidays, and free time, away from their regular full time jobs supporting their families,

¹ Some specific names and information are redacted in the Declaration for privacy or proprietary business reasons.

² Compare this with the Seeberger v. Dodge, 24 App. D.C. 476, 1905 C.D. 603 (1905), cited in the Office Action, where the Court found that "[t]he testimony shows that [the inventor] was a man of means, and might have constructed an escalator had he undertaken to do so. Instead of this, his constant effort was to organize corporations, or to interest capital in other ways, for the purpose of engaging in the general manufacture of escalators." Under those circumstances, the Court held this insufficient to show diligence. The difference between the circumstances of Seeburger and the present application is that the inventors here neither had an on-going company nor had much means. Unlike the above described inventor in Seeberger, the present applicants were not flush with capital or resources.

on moving the invention to a reduction to practice. (Fifth Supp. Declaration, generally).³

3. And then, in the summer of 1996, two of those original persons quit their full time jobs to spend more time dedicated to reducing the invention to practice. (Fifth Supp. Declaration, ¶ 8). The type of work they were doing relative the invention is work towards its reduction to practice. They had to research, investigate, experiment, plan, and contemplate how to build a system under the invention. (Fifth Supp. Declaration, p. 2, ¶ 11). They had conceived a system that would handle tremendous amounts of information, with tremendous value, in an Internet environment. They did not have any capital or staff or on-going business to support that part of development, and they did the best they could. To achieve reduction to practice, they had to get at least some of those resources. So, as they continued to work on the invention, in parallel they worked on obtaining the tools to actually build prototypes of the system. (Fifth Supp. Declaration, generally).⁴ Later, in the fall of 1996, a third person quit his

³ As stated by the Federal Circuit in describing that diligence is measured by what is reasonable under the circumstances: "To be sure, the evidence suggests that there were short gaps in the work that was done . . . during the critical period. Proof of reasonable diligence, however, does not require a party to work constantly on the invention or to drop all other work." Mycogen Plant Science, Inc. v. Monsanto Co., 252 F. 3d 1306, 1316 (Fed. Cir. 2001).

⁴ The following case is illustrative of this point. "It is doubtless true that work quite unconnected with the reduction to practice cannot be considered. But whether particular work is sufficiently connected with the invention to be considered to be in the area of reducing it to practice must be determined in the light of the particular circumstances of the case which may be as varied as the mind of man can conceive." Bell Telephone Lab. v. Hughes Aircraft Co., 564 F.2d 654, 656 (3d Cir. 1977). As cited in a prior response of Applicants, (a) difficulties associated with the formation of a new business may be considered on the issue of diligence, Hybritech, Inc., supra, 4 USPQ2d at 1006; and, (b) on this very point, the Federal Circuit has held that reasonable diligence can be established by showing steps to form the infrastructure to practice a claimed method, as opposed to the actual reduction to practice of the claimed method. Scott v Koyama, 61 USPQ2d 1856 (Fed. Cir. 2002) (Evidence of construction of manufacturing plant to practice a chemical

prior job to devote more time to developing the invention. (Fifth Supp. Declaration ¶ 98).

4. The day to day efforts of this handful of persons were directly related to developing the invention. (Fifth Supp. Declaration, generally) It is difficult to overstate how much sacrifice they made for the very purpose of trying to get a prototype system built as soon as possible. It is generally acknowledged that with programming of this type, the first 80% of the total time and effort is design, while the last 20% is coding and implementation. Examples of what had to be done during the design phase include, but are not limited to, the following types of things: (a) investigation of interconnectivity to a farm-by-farm level; (b) validating how the system could be implemented in different sectors (for example, geographically, users (farmers, grain elevators, end user processors), and otherwise); (c) and evaluation of technology needs and discussions with technical providers. (Fifth Supp. Declaration, p. 2, ¶ 12 to p. 26, ¶ 306). Also, latter in the design phase, needs assessments of the various potential users of the system had to be accomplished. (Fifth Supp. Declaration ¶ 215). Towards the last 20%, there was search for, hiring, and education of personnel like database programmers (e.g. PERL), and graphics and HTML programmers. (*see generally* Fifth Supp. Declaration ¶ 204 to 302). And, the coding had to be integrated, tested, and debugged prior to

process is sufficient to show diligence even though preparations for manufacturing are not themselves actual reduction to practice of the chemical process itself; there is no rule that only practice of the chemical process itself is evidence of diligence.)

prototype implementation on a laptop with HTML code and a server with the PERL coding.

5. The length of time to make that prototype was reasonable, if not remarkable. A hand full of persons put together a very complex system in a matter of months. (Fifth Supp. Decl. generally and p. 2, ¶ 7-11; p. 26, ¶ 305-6)⁵
6. Unlike the case law relied on in the Office Action, the inventors did work towards reduction to practice through the whole period, and the evidence accounts for the same. (Fifth Supp. Decl. generally). There was unreasonable no lapse, "setting aside", or other break in continuity. As described above, after conception a handful of persons worked continuously on advancing the invention to practice. They conducted standard programming design steps (the 80%), devoting all reasonable time to the same. Particularly telling is the fact that in the summer of 1996, before the effective date of the Walker patent, two persons quit their

⁵ The Office Action recited most of MPEP § 2136.06. It is pointed out that the very title of the section is "Reasonable Diligence" (emphasis added). This MPEP section contains many case law citations, indicating how fact specific each case is. The Examiner appears to rely most heavily on In re Mulder, 716 F.2d 1542, 1545, 219 USPQ 189, 193 (Fed. Cir. 1983), Fitzgerald v. Arbib, 268 F.2d 763, 766, 122 USPQ 530, 532 (CCPA 1959) and Griffith v. Kanamuru, 816 F.2d 624 (Fed. Cir. 1987). In re Mulder and Fitzgerald are cited for the proposition that a two day period lacking activity shows a lack of diligence. It is respectfully submitted that this interpretation is incorrect. As the opinion in In re Mulder states, "Focusing on the shortness of the gap is misleading." In re Mulder, 716 F. 2d at 193. The time in In re Mulder from just prior to the other party's conception until reduction to practice was only two days. Id. All this case stands for is that there must be some evidence of diligence no matter how short the period for which diligence must be shown. It does not stand for the proposition that a two day gap in the record of diligence is fatal. In other words, if the gap from just prior to the other party's conception until reduction to practice in Mulder had been one hour, Mulder holds that diligence must be documented for that one hour. It would not create a rule of law that diligence for any length of time (e.g. six months) would require documentation of activity for every hour of that six months. Fitzgerald stands for the proposition that a month, rather than two days, of inactivity shows lack of diligence. Griffith stands for the proposition that three months of inactivity shows lack of diligence. Those cases do not hold that any specific time period either is *de facto* too long, or is the minimum measuring gap between evidence.

prior jobs to devote full time to the invention—and not too long thereafter, a third person quit his regular prior job to devote more time to it.

7. Notwithstanding the fact that day-by-day documentation is not required, the evidence of record provides almost day-to-day documentation. Date books, calendars, travel receipts, and the like, have been previously supplied (*see* prior declarations and exhibits), all of which relate to the steps made to move the invention to a prototype. Any gaps in documentation is covered by the declarations of record, which establish the continuous activity towards reduction to practice.
8. And, moreover, the evidence of record establishes why more complete documentation is not available.⁶ (Fifth Supp. Declaration, p. 27, ¶ 307-310).

D. Response to Examiner's Comments on Applicants' Evidence of Diligence

It is respectfully submitted that the Applicant's evidence of diligence show reasonable diligence under the circumstances, as discussed above. It is also respectfully submitted

⁶ The *Hybritech* case is illustrative on this point: "Abbott challenges Hybritech's diligence by arguing that there were many days on which Hybritech's log books do not show work being done on the invention. However, it is not necessary that an inventor be working on the invention every day (*see e.g.*, cases cited above and 3 D. Chisum, *Patents* §10.07 (1986)), and thus, of course, it is not necessary that there be documentation relating to the invention every day. The question of diligence is considered in light of all the circumstances. "The question is whether the inventors were pursuing their goal in a reasonable fashion. If they were doing the things reasonably necessary to reduce the idea to practice, then they were diligent even if they did not actually work on [and/or document] the invention each day. But further, Hybritech was a new company. It had many of the usual startup problems. It had to establish an office, obtain laboratory equipment, get financing and so on. Moreover, it appears that there were many laboratory tests that Hybritech had to perform before it could reduce the invention to practice, such as the preparation, purification and clarification of antibodies for use in its tests. On the basis of the entire record, I conclude that Hybritech's actions were reasonably necessary to reduce the invention to practice, and therefore that Hybritech was diligent." *Hybritech Inc. v. Abbott Lab.*, 4 USPQ2d 1001, 1006 (C.D. Cal. 1987).

that the record overcomes or rebuts any of the issues raised by Examiner regarding such evidence.

- a. Applicant's evidence regarding the start up of the company is not separate from or an excuse for lack of diligence. As repeatedly stated, and corroborated by evidence, the start up of the company was essentially the development of the invention. It could not be developed with the infrastructure. Just because the inventors happened to choose to advance the development of the invention through a formal business entity is irrelevant. They formed the business entity with the sole mission to reduce the invention to practice. By having the entity, they could solicit the capitalization to hire programmers, buy computers, and, importantly quit their prior jobs and spend more time on the invention, to move it forward quicker to practice.
- b. Applicants do not merely generally allege diligence—they provide evidence (specific dates and facts) of diligence. The Examiner implies at Office Action p. 11, first partial paragraph, that Applicants' have merely "pled" diligence, *i.e.* just alleged it without evidence to back it up. This is respectfully traversed. First, it is respectfully submitted to rebut an allegation of lack of diligence, it is sufficient that one declarant state his/her activity over the relevant period towards reduction of the invention to practice was continuous. But here, Applicant is not relying on a mere unsupported allegation, for the reasons expressed above. Corroboration of

those statements under penalty of perjury (and thus "evidence" as opposed to averments), has been provided.

- c. Applicants' evidence corroborates their actions were not "commercial exploitation" of the invention. The reduction to practice part of the invention (conception + reduction to practice) was what was occurring. There was no product or service covered by the invention available for commercial exploitation during the period. Also, it is respectfully pointed out that there was no on-going entity or infrastructure in place, such that "outside funding" was optional. It was the only way to move the invention forward.⁷
- d. As explained, Applicants' do not need any "excuses" for lack of activity, because it was continuous. But even if, for argument purposes, the lack of day-to-day programming records or other specific documentation is deemed to require an "excuse", evidence (in the form of declarations) establishes that before a reduction to practice could take place, there needed to be assembled the people, resources, and other building blocks to reduce a conceived invention to practice. Stated differently, Applicants' did not sit around waiting for this or that to happen. The evidence showed that despite all the things that could have caused them to delay (lack of money or resources, full time jobs, etc.), they "took the bull by the horns",

⁷ And again, fund raising to allow a reduction to practice to occur is not an excuse but a part of reduction to practice, in contrast to activity which is merely trying to line up buyers for the ultimate product.

and in, we would argue, a remarkably expeditious and efficient way, created a reduction to practice of a massive system in less than one year.⁸

- e. The specific time period of October 2, 1996 to December 3, 1996 brought into question by the Examiner in the Office Action, p. 12, first full paragraph, is more completely addressed by the evidence submitted with the present response. *See, e.g.,* Fifth Supp. Declaration., p. 10, ¶ 98 to p. 13, ¶ 137.

Therefore, it is respectfully submitted that the record shows reasonable diligence over the correct period of time. In particular, it shows (a) the activity was continuous, (b) was related to reducing the invention to practice, (c) is detailed and factual, (d) covers the whole period, (e) and explains the lack of documentary evidence mentioned by the Examiner. It is therefore respectfully submitted that the § 103 is overcome by a swearing behind the primary reference Walker.

Applicants also respectfully reassert, repeat, and incorporate by reference all prior remarks regarding why the rejections articulated in the Office Action do not make out a *prima facie* case of obviousness.

E. Conclusion

It is respectfully submitted that all matters raised in the Office Action have been addressed and remedied, and that the application is in form for allowance.

⁸ As noted in the *Justus v. Appenzeller* case, 177 USPQ 332, 340-1 (BPAI 1971), cited in the Office Action, the Board confirmed that even in situations where inventors do not take "the most expeditious course", reasonable diligence can be found; noting that the evidence showed inventors could have reduced the invention to practice in a shorter time by different choices. Here, the evidence shows that the inventors' choices, in light of the circumstances, gave expeditious result.

If any fees or extensions of time are required for entry of this response, please consider this a request therefore and charge any required fees to deposit account 26-0084.

Reconsideration and allowance is respectfully requested.

Respectfully submitted,



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Enclosures: Fifth Supplemental Declaration and documents attached thereto.